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A MAGAZINE FOR GOVERNMENT MANAGERS

MANAGEMENT

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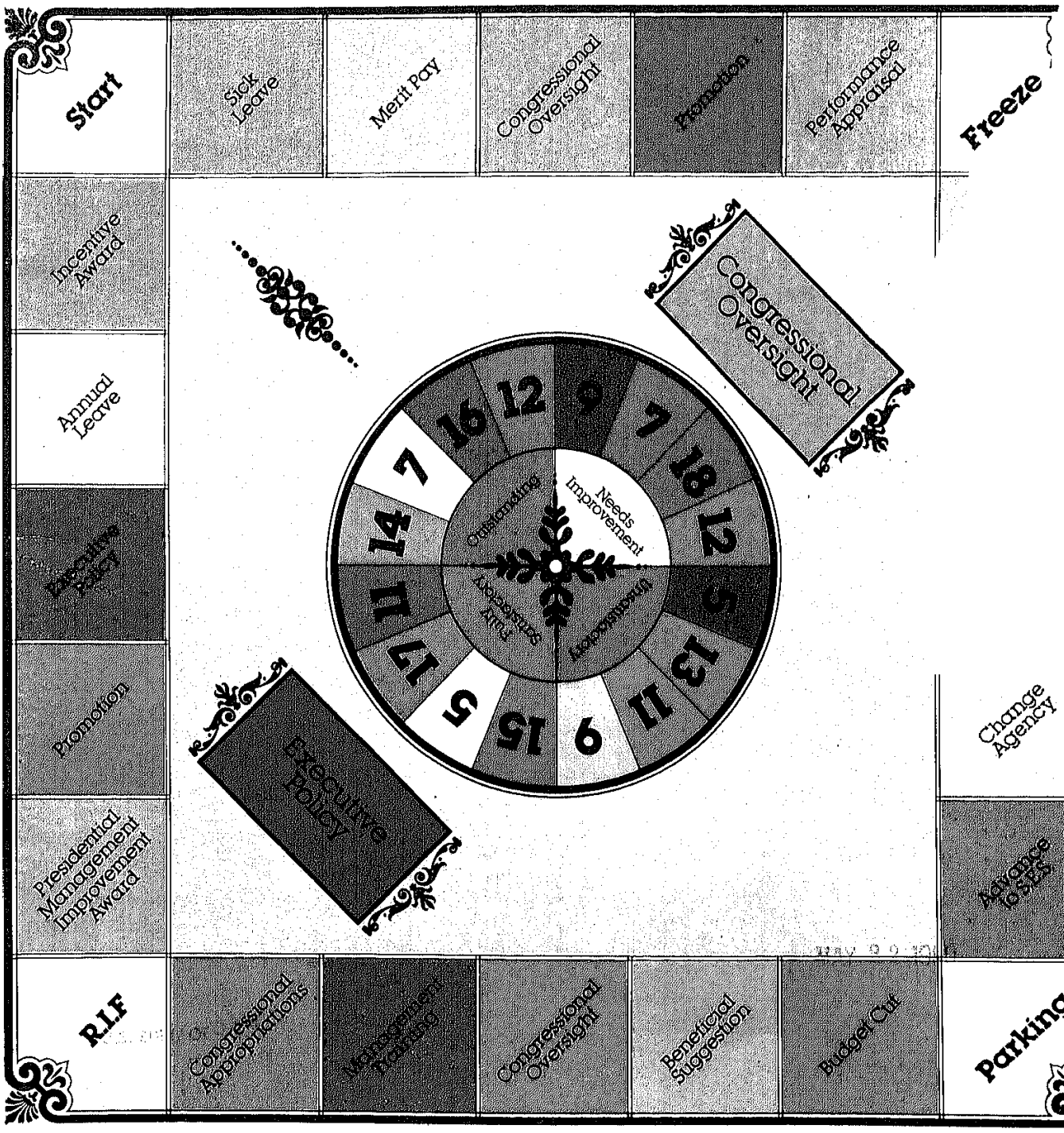
U.S. Senator David Pryor on Contracting Out



Foreword

Civil Service Reform: Management at Work

This magazine began publication with the caveat that management is something you do, not merely a collection of theories for discussion. In that spirit, for the past fourteen months, the Federal Government has been bringing to life the most comprehensive management improvements to its personnel system in nearly 100 years.

The impetus for these improvements is the Civil Service Reform Act, which emphasizes better general management of Government encourages innovation and is allowing the best managerial talent to attack the most difficult management problems.

The design and inauguration of performance appraisal and merit pay systems is on schedule. Some agencies will start these programs this year. All 7,000 SES personnel are covered by appraisal systems, and OPM has approved non-SES performance appraisal system plans for over 300,000 employees. These systems will ensure that management decisions ranging from pay and bonus determinations to separations are based on performance. Managers will be held accountable for the performance of their subordinates, and employees will be held accountable for their own performance.

Merit pay will reward outstanding performance. Bonuses will be awarded to those who perform at the highest level. Poor performers will be given the opportunity to improve, and if they do not, they will be removed from the service.

Without improvement in governmental performance, it will not have succeeded. One measure of performance is productivity, and OPM has been given responsibility for helping increase public sector productivity on the Federal, State, and local levels. Components of our productivity program include improving and expanding public sector productivity measurement systems, encouraging research and demonstration projects which promote productivity improvement, and developing a public library of knowledge about productivity. At a time when the Nation is demanding fiscal restraint by government along with more government programs, the only way to meet both these needs is to increase productivity. The 1.7% increase in Federal productivity in FY 1978 was a good beginning, and exceeded the performance of the private sector, but we must continue to improve on that achievement.

The focus on management embodied in the Reform Act is a tribute to the vision of the President and the Congress. In recognition of the bipartisan leadership which brought the legislation to enactment, and to recognize outstanding management by Federal Departments and agencies, two special awards for excellence in civil service reform implementation were created this year. The Ribicoff/Percy Award was won by the Department of Justice, and the Udall/Derwinski Award by the National Aeronautics and Space Administration. Other awards for Management reform went to the states of Utah and Vermont, and to the National Conference of State Legislatures. Good government management deserves reward and recognition, and implementation of the Civil Service Reform Act is ensuring that there will be more good management to reward.

All Federal managers can be proud of their achievements in implementing civil service reform. I look forward in future issues of this magazine to reading more about what is being done to improve government management, including concrete proposals for tackling tough management issues, such as the questions about Federal contracting raised by Senator Pryor in this issue. By keeping the lines of communication open, we can help one another to manage better. As civil service reform is demonstrating: together, we can make Government work.

Alan K. Campbell

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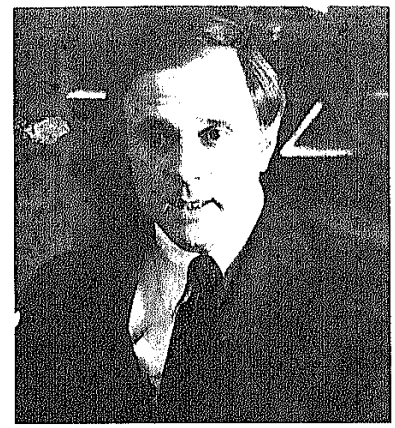
AN INTERVIEW WITH U.S. SENATOR DAVID PRYOR



Q. You have served as a State Representative, Congressman, Governor and Senator since you were first elected to public office in 1960. How has government changed in that time?

A. Obviously, it has become much more complex. That trend, of course, began long before I was elected, began at least 30 years ago. Congress has delegated an enormous amount of its power to regulatory and administrative agencies. For the most part, that is both understandable and acceptable. But the agencies have, in turn, passed that authority on to consulting firms which are, to a very great degree, beyond accountability. Far from the people or their elected representatives, decisions are being made which affect the lives of our citizens. That is a dangerous trend, an undemocratic one, and I think it may even be an unconstitutional one.

Q. Could you be specific? Could you give me an example of what you find troubling?

A. Sure. All of us are immensely concerned with the cost of government regulations. The Senate Committee on Governmental Affairs, in considering regulatory reform legislation, has mandated analysis and impact statements on the cost/benefit ratio of regulations. What happens? Instead of making the analysis in house, agencies turn to outside consultants, often on sole source contracts. As a Senator, I don't want the views of some anonymous consultant. The theory that judgements made "out there" are more objective is false.

There are serious potential, if not actual, problems of conflict of interest as unaccountable outsiders begin to make basic decisions for us. The decision on whether a regulation is too costly or not is not a decision to be left to a kind of shadow government that is neither elected nor appointed. I repeat: it is a very dangerous trend.

Contracting out has another debilitating consequence. Because it is a lucrative business, private firms can recruit government career employees because of higher salaries.

Q. Is that a real problem?

A. Sure it is. Contractors have the ability to pay more money and offer other inducements. They attract some of our more able people, leaving government less able to do what Congress has mandated because we've lost that manpower. The agency then says, "Look, we don't have the proper manpower to

do what you ask. We need money to go outside."

That just doesn't make sense. We are creating an insatiable monster that is devouring our own people. As a result, we are already to the point where we are mandating regulatory reform responsibili-

ties to agencies knowing full well that they may not have the expertise left to do the job.

But we haven't reached a point of no return. I think we can, and must, do these jobs within government. We can do it at less expense and more efficiently and responsibly. We still have the opportunity to save ourselves if we act, instead of just accepting the inevitability of contracting out.

Q. How big do you think the contracting out business and bureaucracy is?

A. No one knows precisely. I don't. Our committee doesn't. We all have tried to find out. Even the President doesn't know, and he has been possibly the first President to really try to get a handle on it. During his first month or two in office, he directed the Office of Management and Budget to report on the number of contracts, how much and with whom. There are billions of dollars of contracts out there, and in three years of trying hard, OMB has not been able to come up with a complete list. It is so institutionalized—beyond party or administration. It's incredible. We are shooting in the dark when we try to question what's going on.

Q. Is there something that should be done, that will be done?

A. Well, I'm trying . . . by oversight, by statute . . . to bring some sunshine into the consulting business arrangements with governments. I want us to be able to identify who the consultants are, how they got their contracts, who signed off on each one, for what reason it was given and whether it was sole source or competitive. Demanding that kind of information on each contract would be a huge first step into the sunshine.

Q. Are you saying that all the money spent on consultants' contracts is wasted?

A. No. Some of it is useful. Some of it is even necessary. But, as I've said, nobody knows. GAO has analyzed the results and says that in one department, the Department of Defense, almost 40% of the results are never looked at and obviously, therefore, never used.

Beyond that, many more contracts should never be let because the subject has already been studied, either in another part of the same agency, or in another agency. The system goes on its inefficient and expensive way becaus thing is so fuzzy. We dor clearing house on propos tracts to match what is p with what is available or done elsewhere. Who kn wisdom is covered with some shelf? If we elimin cation and the 40% nobo we could probably save h what we spend on consul tracts.

Q. Would you have a si ing house? One for eacl

A. Well, I started out wi idea of one clearing hous entire Federal governme think that is probably to and not the way to begir now start with one for e

ment. And I'd make them report to Congress annually.

Q. Are there some agencies worse than others?

A. The answer is yes, but I really don't want to point fingers at anyone, where they don't have a chance to respond. In any case, it is a government-wide problem. I would guess that some agencies farm out half their professional work to consultants. They become great big laundries . . . legal ones, of course . . . which pass huge quantities of appropriated money through to private firms. It's a welfare program for PhD's. It's a very scary thing to have questions of basic concern to this nation being decided by faceless private institutions and people. Back home, we'd say that's swimming in very sharky waters.

Q. Some managers would not

a virtue of employee ceilings and not adding anyone to the payroll that we are deluding ourselves. The bottom line is the amount of dollars we spend, not how many Federal employees we have. It is really deceitful to say with such pride that we have kept the number of employees down while we tremendously increase the dollars going to consulting firms.

Q. Will there be new regulations, new standards, more oversight on contracting out?

A. Yes. Hopefully this session. But if not now, then soon. I mentioned earlier some of the things I think need to be known about every contract. I have proposed that those questions and others like them be answered for every contract let. I hope ultimately to have all agencies of government covered by this kind of sunshine legislation. When I am successful, and I intend to be, we will, for the first time, know what we are doing and where we are in the field of consultants and contracting out.

You haven't asked, but I want to add something here that I've thought about for some time. The consultant problem is not just a Washington, D.C. problem. It is not just a Federal problem. It exists on a state and local level, too. And, to a large degree, I think it is a problem because Federal regulations and policies, often written by
ing firms, lock in the need
and local governments to
sultants to perform certain
d to meet certain criteria
its or loans are made.
We see an increased entanglement of the consulting industry on Federal, state and local levels. It's a vicious cycle.

Q. You spoke earlier of constitutional questions of contracting out. Could you expand on that?

A. I don't pretend to be a constitutional scholar, but I think we are very close, in many instances, to the improper delegation of authority. I frankly think that consultants are establishing Federal policy,

"I frankly think that consultants are establishing federal policy, something that was not contemplated by the Constitution or Congress."

"It's a very scary thing to have questions of basic concern to this nation being decided by faceless private institutions and people."

"As a Senator, I don't want the views of some anonymous consultant."

"What I object to is the mentality of never considering alternatives to contracting out."

"Even without new legislation, I hope that managers will take it upon themselves to question their own actions in contracting out."

"The bottom line is the amount of dollars we spend, not how many employees we have."

Photos by Norman Sherman

something that was not contemplated by the Constitution or Congress. It's tough enough for citizens to try to hold their elected representatives accountable and responsible. They can't touch the consultant hiding in the murky waters of contracting out. That is no way to govern. That is no way to restore faith in government.

Q. How has this all come about?

A. Well, the complexity we talked about at first, the involvement of government in more fields, in more technical fields. I think, too, maybe both Congress and Federal managers have been too casual with defining who establishes policy. I hope to do something about that. Even without new legislation, I also hope that managers will take it upon themselves to question their own actions in contracting out.

I can tell you that I am looking closely right now at an arrangement one major agency has with some of its contractors. They provide what amounts almost to a retainer fee to a consulting firm, saying, essentially, "We will be calling on you from time to time for advice. When we use up your retainer, let us know and we'll give you some more." It's an outrageous system.

I know that managers need discretionary power, but it shouldn't be so discretionary that it abuses the public trust. Responsible managers should be able to defend their actions . . . and their results.

I don't expect to solve the problems of contracting out by myself or quickly. But I intend to persist until I have the allies to do so. The American people deserve better than having their lives regulated by consultants to agencies who have been directed by Congress to do something.

David Pryor (D-Arkansas) was elected to the U.S. Senate in 1978. In addition to the Special Committee on Aging and the Select Committee on Ethics, he serves on the Senate Committee on Agriculture, Nutrition and Forestry and the Committee on Governmental Affairs, where he is chairman of the Subcommittee on Civil Service and General Services.

JUMPS AT JUSTICE

A MODEL FOR MERIT PAY

By Ben W. Wiseman

Note: Management's reader survey strongly indicated that Federal managers want more "how to" information on many subjects, particularly on implementing civil service reform legislation. With merit pay implementation dates fast approaching, the following article provides a detailed look at the Justice Department's proposed system and the problem-solving process behind it.

"The trouble with merit pay . . ." is an opening phrase heard frequently in the corridors of federal office buildings these days. The new plan, which links paychecks to performance, is distinctly different from the time-in-grade approach of the basic General Schedule. The advent of merit pay, which will apply to supervisors and management officials who occupy GS–13, GS–14 and GS–15 positions, is being awaited by some managers with a level of pleasure akin to that produced by the announcement of a new tax increase.

However, although apprehension about this drastic change is perfectly normal, it should be recognized that the new approach is the result of a deliberate policy choice, not chance. And under the Civil Service Reform Act, it is a matter of law.

I hope this article will bring a greater degree of understanding of the subject. My purpose here is not to dispel the fears of uneasy employees and skeptical managers, but rather to describe, from a pay technician's point of view, one merit pay system model—the proposed Department of Justice Merit Pay System (JUMPS).

PLANNING

Organization for the Task

In June 1978, the Director of Personnel at the Department of Justice established a task force to oversee implementation of the Civil Service Reform Act. As chief of Position and Pay Management, I was given the job of developing the Department's merit pay system. A committee, consisting of an executive assistant, a manager of administrative support operations, a computer programmer, a systems accountant, and two position management and pay chiefs, was established to assist in the endeavor.

Goals. First, we identified the elements needed to install a merit pay system. Three were decided upon: 1) a directive describing the plan and setting out the policies and procedures for its administration, 2) a plan for training officials who will rate the performance of merit pay employees, and 3) an informative brochure for employees whose paychecks will be affected.

Next, the vital components of the pay plan itself were identified. These include a distribution system, a computer system, a linkage system, and a critical events timetable.

SHAPING THE MODEL

Design criteria.

the need to get do

project focus and to clarify its rationale to others. One of the very basic considerations is: why does an employer need a pay system at all? There are three fundamental reasons: (1) to plan and control costs; (2) to attract, retain and motivate competent workers; and (3) to use pay incentives to get work done efficiently and promptly. Simple? Yes! Important? Extremely so! With these general objectives in mind, we identified the criteria which JUMPS should meet. They are:

- clear linkage of pay increases to performance;
- basic pay levels based on employees' contributions;
- meaningful rewards for quality performance;
- logical, valid process;
- easily understood concepts;
- ease and economy of administration; and
- equitable treatment of eaeh Department of Justice merit pay employee in relation to other Department of Justice merit pay employees.

Over approximately 12 months, the JUMPS model evolved to its present state. Throughout the period, we pored over articles, textbooks, surveys of merit

pay practices, and guidance published by the Office of Personnel Management. We attended conferences and seminars on merit pay where we were able to listen to and question compensation managers from some of the country's leading corporations. In addition, presentations on the model were made to selected groups of top managers and personnel specialists in order to obtain their reactions and suggestions for improving the proposed system.

Testing. With guidance from OPM merit pay specialists, with whom we worked closely throughout the project, we constructed a test sample of 300 hypothetical employees distributed among grades GS–13, GS–14, and GS–15 in accordance with actual distribution by grade in the Department. The hypothetical employees were distributed among the ten steps of each grade according to actual pay rate distribution of Department of Justice supervisors in those grades. Finally, they were randomly assigned to five performance categories—Outstanding, Excellent, Fully Successful, Marginally Successful and Unsatisfactory—established for the Department's performance appraisal system. In this fashion, we developed four different distributions by performance category, ranging from an approximate bell curve (Test No. 1) to a distribution with a substantial number of the employees in the Excellent and Outstanding categories (Test No. 2).

The tests were designed to tell us what would happen to the salaries of employees if, for example, their supervisors rated a substantial number of a typical group as Excellent and Outstanding. A merit pay pool was calculated and each eligible employee's share of the funds in the pool determined by the proposed system procedure. The amount of each employee's merit pay increase was calculated as a percent of existing salary, as well as in dollars. For purposes of comparison, the same employees were given a 100 percent comparability adjustment, e.g., 7 percent, and, in some instances, a full within-grade step increase. Again, the total increase for each was computed both as a percent of existing salary and in dollars. The test results gave us answers to such questions as: Does JUMPS provide meaningful rewards to superior performers? Does it provide consistent treatment of employees who, although in different grades, are in the same performance category and the same band of the rate range? Does JUMPS provide substantially smaller pay increases for Fully Successful employees than the basic General Schedule system does?

The tests showed that, generally, the distribution system meets those objectives.

Actual Distribution by Grade

Grade	Percent	Number
GS–15	24	72
GS–14	44	132
GS–13	32	96
Total	100	300

Projected Distribution by Performance Category

Test No. 1			Test No. 2		
Perform.	Percent	Number	Perform.	Percent	Number
O	5	15	O	10	30
E	20	60	E	28	84
S	60	180	S	51	153
M	12	36	M	8	24
U	3	9	U	3	9
Total	100	300	Total	100	300

O — Outstanding
E — Excellent
S — Fully Successful
M — Minimally Satisfactory
U — Unsatisfactory

KEY FEATURES OF JUMPS

The Point Scale. The Justice Merit Pay System uses a point scale to convert performance appraisals to annual merit pay increases. While several alternative types of distribution systems were available, we concluded that the point system offered more advantages than disadvantages. Because it provides a direct linkage of pay increases to performance levels, we expect the system will have a relatively high level of credibility. Significantly, the point system provides the close control of funds required under reform legislation. It has the added advantage of involving simple computations which can be accomplished rapidly by an existing data processing system.

Computations. JUMPS assigns point values to performance appraisal ratings. Under the JUMPS plan, the rate range for each grade is divided into three bands, rather than the ten steps for each grade under the General Schedule. It should be noted that points are weighted to take into account an employee's grade and rate range position. Points awarded through

Computation Example
(based on test no. 1)

Merit Pay Pool	÷	Points Awarded	=	Value of One Point
$594,964	÷	323.15	=	$1,981.00*

GS–13, step 2, Excellent rating = 1.62 points
1.62 × $1,981.00 = $3,209.00

Old salary		$28,368.00
First half of 7% comparability adjustment	$ 998.00	
Share of merit pay pool	3,209.00	
Total increase (14.8%)		4,202.00
New salary		$32,570.00

* Includes $140.00 per point from funds that could not be paid to those employees who hit a ceiling.

the appraisal process to all participants in a given merit pay pool are totaled. Then the funds in the pool are divided by the sum of points awarded, in order to determine the value of one point. Each eligible employee's share of the pool is then determined by multiplying the value of one point by the number of points the employee received.

Performance distinctions. The Civil Service Reform Act specifies that agencies "recognize and reward quality performance by varying merit pay adjustments." The JUMPS point scale fulfills this specification by providing increases for Outstanding performers which are approximately twice as large as those for Fully Successful performers in the same relative position on the rate range, and increases for Excellent performers which are approximately one and one-half times as large as increases for Fully Successful performers of the same rate range position.

Positions in range. Government and private sector employers make many basic decisions about pay levels on economic grounds. Most start by conducting labor market surveys for selected classes of positions in their organizations. Having determined the average of salaries paid by other employers to a given class of workers, e.g., Economist II, they adopt the average as the midpoint of their salary rate range for that class. The mid-point rate is the salary they consider appropriate for fully competent workers of that class. Next, the employer decides upon the minimum and maximum salaries he or she will pay to get Economist II work accomplished. In general, the minimum is the lowest salary that will enable the employer to attract beginners or minimally qualified workers and the maximum is the highest salary he is willing or can afford to pay anyone to accomplish that class of work, regardless of the employee's ability.

Having established the pay range for a class of work, most employers endeavor to pay each employee in that class at the particular rate in that range which is most representative of the quality of the employee's performance. Newcomers and poorer performers are paid at rates in the lower part of the range, average performers are paid at rates near the mid-point of the range, and superior performers are paid at rates in the upper part of the range.

Acceleration factors. Equity demands that all employees at a given level of performance receive pay at approximately the same rate. If an employee is performing at about the same level as other employees who are receiving higher pay, the employee should receive larger salary increases so that he or she moves rapidly to the higher pay level. The JUMPS model provides for this by awarding employees in the lower third of the rate range increases which are one and one-half times those awarded to employees in the upper third of the range, and awarding to employees in the middle third of the range increases which are one and one-quarter times those awarded employees in the upper third of the range. (This, incidentally, is consistent with the variable waiting periods for step increases under the basic General Schedule.)

Intergrade differentials. Under the General Schedule, variations in rates of basic pay for the different grades are designed to be in proportion to substantial differences in the difficulty, responsibility and qualification requirements of the work performed. Any salary rate of GS–13 is worth 72 percent of the corresponding rate of GS–15, and any salary rate of GS–14 is worth 85 percent of the corresponding rate of GS–15. Because these intergrade differentials are maintained in the JUMPS point scale, no one can receive a disproportionate share of the pool based on a higher grade. Therefore there is no need to create separate merit pay pools for employees in each of the three grades covered by the merit system.

System Discipline. Heads of major organizations will be held responsible for ensuring that sufficient time is available to rating officials and reviewing officials for the development and communication of performance standards, the conduct of progress reviews, and the appraisal of employees' work performance. Significantly, organization heads are required to ensure that ratings assigned to their merit pay employees reflect actual performance. They will review and compare summaries of ratings assigned by their subordinate managers for apparent validity and objectivity and if inconsistencies are noted, discuss them with rating officials or reviewing officials.

PROGNOSIS

When this was written the jury was still out on JUMPS. It has several potentially controversial features (among them the funding level and the organizational make-up of merit pay pools) which may need to be modified to win acceptance. Even so, I feel it is basically a sound design, given the handicaps

TO COPE OR TO MANAGE?

ORGANIZING FOR CHANGE

Few things in the life of a Federal manager are as certain as change. Yet, though changes in Government organizations are almost constant, the process of change and the methods of accomplishing it remain a mystery to many managers; as a result, there is often resistance to it, even when the status quo is all but intolerable.

Whether we like it or not, Government change and reorganization will continue as a fact of life so long as the needs of our society continue to evolve and managers continue to look for new ways to accomplish Government's work more efficiently. Making a transition from one organizational structure to another can be a period of intense creativity, innovation and progress, or it can be one of disruption, anxiety, and low productivity. Rather than passively coping with change, the challenge is to manage it properly.

Whatever the scale, from the massive operations involved in establishing or reorganizing entire Federal departments to the smaller transitions which more government managers are likely to encounter, the problems involved and the processes needed to manage change skillfully are very similar.

We tend to meet any new situation by reorganizing, and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization.
Petronius, 210 B. D.

Reorganization on the Grand Scale

Howard Messner, Assistant Director for Management Improvement and Evaluation at the Office of Management and Budget, is a veteran manager of government reorganization on the grand scale. He has been involved in the creation of almost every new agency and department in the last 6 years. Messner feels that change brings about a period of intense creativity, but also of high anxiety. "Change," he says, "is emotional and traumatic, and managers must be aware that very powerful forces are unleashed when any reorganization takes place." The trick is to harness those forces and use them to make change both positive and productive.

Most recently Messner has been involved in the establishment of the new Department of Education. In early 1978 the job of preparing the legislation and forming the new Department of Education was given to OMB. The Education Department Act, drafted under the guidance of Pat Gwaltney, OMB Deputy Associate Director for Human Resources Studies, was signed into law on October 17, 1979. Harrison Wellford, OMB Executive Associate Director for Reorganization and Management and overall coordinator for the department's creation, assigned Messner the task of coordinating eleven administrative task forces established to implement the Act. Messner's concerns were the problems of space, equipment and, particularly, people in a reorganizational effort that was to consolidate 152 programs from six agencies into one new department.

Messner's first step in effecting reorganization is to "inventory the inheritance: to find out who and what in the old reorganization can be used in the new one." The next task is to determine what pieces are missing. To do that, Messner believes in establishing task forces or planning groups that involve the people in the inheritance. The key to channeling talents is the makeup of the primary task force, since it will be the keystone of subsequent work groups. You can have outsiders and political appointees in the group, but "you'd better have some old Government pros, including some from other agencies." When career people become committed to the new organization, they make great efforts and achieve tremendous results. "They have a vested interest," he says, "and since they are becoming part of a new organization, there is often no turf to defend."

The management of people often spells ultimate success or failure during organizational change. Kristine Marcy, OPM's Assistant Director for Human Resources and Veterans and Labor Programs, is currently chairing the personnel planning task force for the Education Department. This group is deciding who moves over from HEW, who stays, and what jobs in the new department will be filled by how many people at what grade. It is also earmarking the 500 jobs that must be eliminated.

Marcy's seven member task force is made up of personnel directors and seasoned personnel specialists detailed from other agencies, a labor relations advisor and an advisor on equal employment opportunity. Marcy says it's essential to be "super-pragmatic and well organized" in managing the task force's twenty-five assignments, which include identifying employees and positions to be transferred, rapid staffing of the Secretary's office, and development procedures for handling resumes and applications. The job is massive because the Department of Education will have 17,000 employees. Identifying the employees to be transferred caused the major problem

tached to the Office of Education, but who do education-related work. In each case it had to be determined whether these people spent 50 percent or more of their time working in education. If so, they were transferrable. If key people didn't volunteer for transfer, the

Change is not made without inconvenience, even from worse to better.
Richard Hooker

task force tried to negotiate for them.

Marcy, who has also been made responsible for preparation of the department's personnel budget, for assessing property and for determining space needs, believes the personnel situation is critically important. Too often, she says, executives who come to government from the private sector stub their toes because they don't take time to pay attention to their personnel situation. That may not cause a catastrophe, but it is likely to result in a lack-luster, unproductive organization. And, in the public arena where Government performs, there is little patience with lackluster organizations.

In fact, says Office of Personnel Management Director Alan K. Campbell, one of the distinguishing characteristics of change in the public sector is the public's insistence on overnight results. A recent paper by Graham A. Allison, Dean of Harvard's John F. Kennedy School of Government, cited this difference between public and private administration. As an example, the paper pointed out that when IBM set out to develop its new generation of computers in the early 1950's, the company adopted a ten year plan. "Nobody," says Campbell, "would stand still for a ten year Federal plan."

Campbell also notes that the public sector has a built-in set of watchdog institutions. Congressional oversight subcommittees, the General Accounting Office, and now the internal Inspectors General have the mandate of taking a very critical view of agencies. This often means that only the institution itself will say it's doing well, and, he says, "that institution doesn't have credibility."

Messner agrees: "The biggest problems are that there is no start-up time and that the time line is unrealistic. The department is expected to deal in all areas from the first day of operation and deal in them efficiently." Messner says any reorganization's effectiveness should not be judged in less than three to five years, because it takes that long for a new organization to shake down and become workable.

Changes of Command

Most Government changes are not massive reorganizations, but changes of command. When former Portland, Oregon Mayor Neil Goldschmidt was appointed Secretary of Transportation, he had to get a quick understanding of a huge Federal conglomerate and hit the deck running. As part of his job, Edward W. Scott, Jr., Assistant Secretary for Administration and the highest ranking career civil servant at DOT, was there to make the adjustment as smooth as possible. Through a concentrated briefing program, Scott prepared the incoming Secretary for the job, for the bureaucratic system and for Washington. He prepared the new Secretary by a series of well structured briefing books. The first book, *Organization, Resources and Relationships*, succinctly outlines the incoming Secretary's new responsibilities. It also contains a short history of the Department and charts showing how DOT's 100,000 employees are organized. The second book, *Issues*, lays out the important items that require Secretarial decisions. The third, *Biographies*, contains photographs and a short description of the background and location of the Department's top officials.

Scott's advice to appointees is to learn the system and learn to work with it; many former appointees have tried to ride rough-shod over the system, only to become extremely frustrated. He feels career managers should be involved in the decision making process. This doesn't mean that new executives shouldn't bring in people who have proven their competency and with whom they're comfortable; it does mean that these people shouldn't try to make all the decisions alone.

Most changes of command, of course, take place in military organizations. The Army has found that it takes an average of six months for a new manager to become fully productive, six months that can't be spared in meeting combat readiness requirements. At its Organizational Effectiveness Training Center at Fort Ord, California, the Army developed a Change of Command Transition Model in order to make such changes smooth and efficient. The model is actually a clearly defined agenda with supporting questionnaires used for meetings between the incoming commander and his or her new subordinates. The Army also provides a specially trained Organizational Effectiveness officer who acts as a

Government has been a fossil: it should be a plant.
Emerson

consultant to the new commanding officer during the transition period. It's the job of this officer to make sure the commander, officers and troops all understand who they are, where they're trying to go and what problems they may have.

What the Army is learning through its Transition Model is almost totally applicable to civilian organizations. Normally, the new commander does not understand:

a. subordinates' priorities
b. subordinates' major problems
c. strengths and weaknesses of each unit
d. concerns during transition
e. personalities of subordinates
f. subordinates' expectation of the new CO

Subordinates do not understand:

a. the personality of the new CO
b. the CO's priorities

The Army is willing to share its Organization Effectiveness system, including limited civilian attendance at its OE Training Center.

If You're Reorganizing

Whether you manage a Department, a bureau, a branch or a section, most of the problems of change, and their solutions, are the same. In order to channel an organization's energies in the best possible way, certain basic considerations should be made.

The basic question, to which the rest of the process should be inextricably tied, is: Why is reorganization necessary? Admittedly, this decision may not rest with you; it may have been made at higher levels in your organization. But, if the decision is yours, you should have a very specific idea of what you hope to accomplish by reorganizing. And if the decision is not yours, you should have a clear understanding of what your superiors want the reorganization to accomplish. That goal will be the basis for all the elements of your plan for carrying out the reorganization. It will determine your personnel needs because you will have to decide what kinds of skills you need to accomplish your goal. It will dictate your equipment needs, if, for example, automation will improve productivity. It will establish your budget needs to pay the necessary employees or to buy new equipment. It will determine the space and furnishings you need to accomodate your employees. If your goal will

New and stirring things are belittled, because if they are not belittled the humiliating question arises, "Why then are you not taking part in them?"
H.G. Wells

be accomplished more efficiently by relocating your office near other offices that will work closely with your group, the adjacent space must be obtained.

Remember, it is entirely possible that achieving your goal will not require reorganization. That possibility should always be considered during the planning process. If reorganizing isn't going to achieve the anticipated improvement, it will cause unnecessary trauma and waste money you could be using more effectively to improve your present organization.

Assuming that, after a thorough analysis, the decision is made to reorganize, the next step is to establish a method for measuring whether the goal is being achieved. You must determine what your organization is presently doing in order to measure progress towards doing it better later on. (For example, if your goal is to improve the processing time for handling claims, you will need to know how long it currently takes to process claims in order to compare the processing rate subsequent to reorganization.)

Make every effort to keep affected employees informed and involved from the beginning. When employees understand the purposes for their anticipated inconvenience, they are likely to be more cooperative. And they may be able to contribute useful suggestions to your plan, based on their experience at the operating level.

One way to direct employees' anxieties into creative channels is to encourage their active participation in your steering group. The group should also include a personnel specialist or have the continuous advice of your personnel office. During a reorganization, it is especially important to be sure your organization's jobs are properly classified, particularly if you are going to lose some positions. If there is a reduction in force, it's your personnel office's responsibility to manage it. And there are specified procedures for reduction in force, for transfer and for staffing up if you will be gaining new positions. If you get personnel specialists involved from the

The more things change, the more they are the same.
French proverb

The more things change, the more they are insane.
Frustrated Employee

start, they can be better prepared to help.

The same goes for budget and space specialists. If the reorganization is going to require additional funding, you need the budget advisor's advice on how to request it, and on how that money can legitimately be spent. And since space is usually difficult to find, having a space planner involved very early in the process is a requisite.

No manager, in business or in government, can be an expert on personnel, budget, administration and programs. Find out your agency's information sources and tap them. This includes not only personnel and budget advisors, but your agency's corporate memory as well. Before you start reinventing the wheel, you might seek out your unit's previous managers and other management veterans in your agency. They may provide some valid considerations that have escaped your attention. And do your best to locate any existing written instructions that might help you. A manual on the back shelf in your administrative office could save a lot of time and energy.

Once you've organized your transition team, lay out a timetable of tasks to be accomplished and a system for monitoring progress, and stick with it.

While you're concentrating on budgets, plans, programs and procedures, don't lose sight of the human factors involved. You are not alone if you feel managing people is the most difficult part of your job. This is particularly true during transition periods when employees are likely to feel insecure and threatened, so you will need to pay special attention to your people-managing skills during an organizational change. If you are going to lose employees through reduction in force, you should be sure to put them in touch with the personnel office for assistance. While it definitely is not your responsibility to find new employment for a displaced employee, it is important to be supportive while that employee is looking for another job.

The next and most important task is to organize the employees who will form your new group in order to tackle your new tasks in a united manner. Emphasizing the purpose for reorganizing is particularly important; what could be a stressful time for all of the employees involved—including yourself—will be aggravated if those involved feel inconvenienced as a result of decisions they perceive as arbitrary. Rumor and poor communication only add to an anxious situation, particularly in organization where a reduction in force is possible. So, once arrangements for reorganization have been discussed, keep your employees informed, through meetings if possible, and through memos if necessary. Give them specific tasks, such as helping prepare position descriptions for their new functions. Ask for suggestions on laying out new space, and really consider them. Generally, try to make change something you and your staff are doing together, rather than a situation where those higher up in the organization are making all the decisions and those down the line are feeling victimized—and left in the dark.

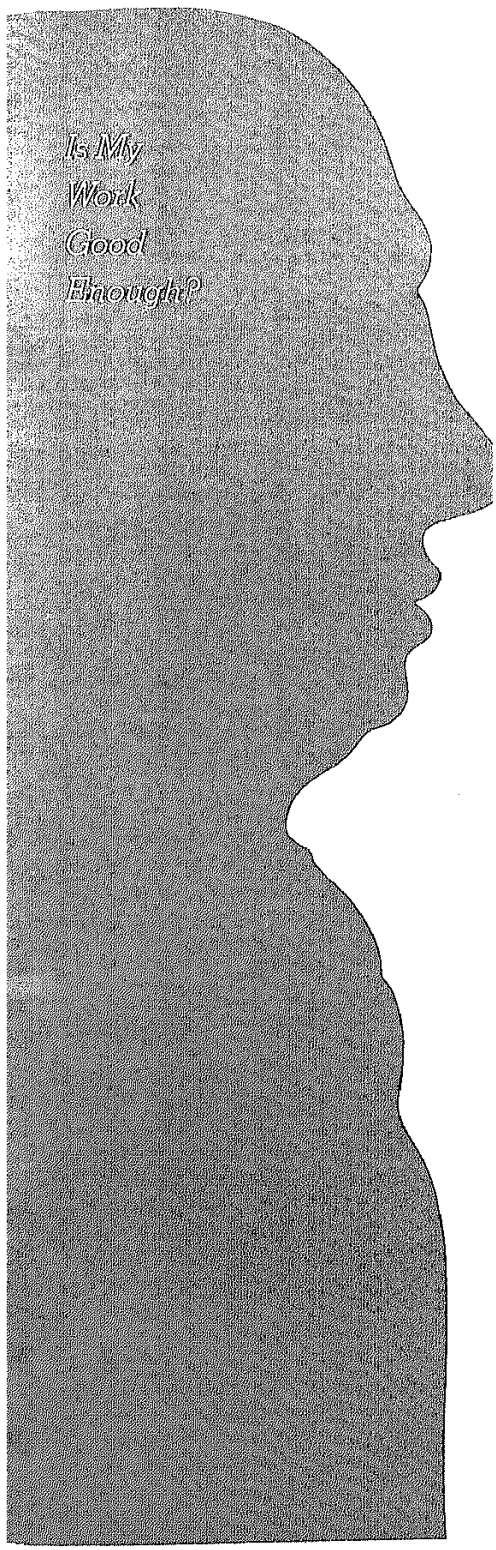
Lastly, don't forget to use the system you established to monitor results. With good planning, using all the skills at your command, you should find your reorganization is a successful one.

EMPLOYEE ATTITUDE SURVEY REVEALS SOME CLEAR MESSAGES FOR MANAGERS AND SUPERVISORS

By Alan L. Siegel

We all have heard through anecdote and armchair observation that government workers are underworked and overpaid, and that poor performance has no consequences for the individual employee. But is this accurate?

The Office of Personnel Management recently completed a survey of Federal employees which addresses these and other questions. The primary purpose of the Federal Employee Attitude Survey was to learn how employees currently view personnel management practices in order to evaluate the impact of changes resulting from the Civil Service Reform Act of 1978. However, it also provides a wealth of general information about how employees feel about their jobs, supervision, co-workers, and policies and systems of the organization in which they work.



Much of the survey information has particular value for supervisors and managers who have the opportunity to make direct improvement in the way people are managed in the Federal government. The results tell us that many critical supervisory and managerial systems need improvement.

Contrary to the often-heard view that government workers do not like their work, the survey showed the great majority (76%) of federal workers are satisfied with their jobs; they feel their work is challenging and important and makes good use of their skills and abilities. The picture that emerges from the survey is of a workforce concerned about the organizations in which they work. The workforce is quite positive about the effectiveness of their workgroups and organizations. More than 75% of the workforce report that their organization is effective in accomplishing its objectives and 9 out of 10 feel that their co-workers perform effectively.

Administration of the Survey

This first Federal workforce survey began in May 1979 and was completed in September 1979. The survey is one of several measures that will be used to evaluate civil service reform. Since it was administered prior to CSRA, it will serve as a basis for later comparisons as to what changes take place and what difference these changes make. A random sampling procedure was used to gather information on employee attitudes in 20 agencies and two separate groupings of 9 regulatory agencies and smaller agencies. Employees within several pay groups were selected by chance: GS 13–15 supervisors and equivalent, GS 16–18 and equivalent (now SES), other white collar supervisors and equivalent, and all other white collar employees. Wage grade supervisory and non-supervisory employees were also sampled from 8 agencies in which approximately 84% of all blue-collar employees work. The survey results are based on responses from 14,000 employees.

Attitudes Towards Supervisors

For the most part, supervision seems to be viewed as a source of strength. About 75% of those surveyed report their supervisors help them solve work problems. Most workers indicate their supervisors are technically competent. Administrative and, to a lesser extent, interpersonal skills of supervisors are evaluated favorably. These positive sentiments are encouraging and generally support the view that the work itself and supervisory competence are not problems in Federal agencies.

Attitudes Towards Management Systems

Data suggest, however, that the management systems in which the employees perform their work are sources of frustration and must be changed. These problem areas include procedures and policies used to evaluate, reward and improve employee performance—vital systems for effective management.

Performance Appraisal

Employees' views on performance appraisal are mixed. On the positive side, they feel their supervisors discuss the reasons for particular performance ratings with them, and that they understand the performance appraisal system.

Negative views emerge regarding the accuracy of appraisal ratings and the quality and frequency of the feedback employees receive about their performance. Less than half of non-supervisory employees feel their appraisals accurately reflect their job performance. More than half indicate that supervisors tend to give the same ratings regardless of actual performance levels. Feedback on performance is perceived to be even more of a problem. More than 40% of those surveyed indicated they "never or rarely" receive feedback that helps them to improve their performance. This contrasts with employees' desires to receive such information on a more frequent basis.

Even when performance appraisal sessions do take place, employees indicate they fail to provide useful information or to encourage developmental activities. In general, the workforce reports that appraisal sessions either do not help them at all or help only minimally to improve performance, determine individual strengths and weaknesses, establish training plans or obtain needed training.

The survey indicates both that 1) supervisors and managers are not doing as much as they can with the controls they presently have, and 2) the old performance appraisal system and other related management systems, such as the reward system, are also deficient.

The current government-wide performance appraisal system is scheduled to undergo major revision as a result of the Civil Service Reform Act. While the legislated changes do not guarantee that more effective and useful approaches to appraisal and feedback will be used, they are important steps in setting a more conducive organizational climate. Replacing the old adjective-oriented rating system with a more performance-based approach may help to provide more accurate information for formal performance appraisal sessions, but it is up to managers and supervisors to make better use of this

improved information. Will it be generated simply to satisfy organizational requirements, or will it become relied upon and routinely used to make decisions affecting performance—for example, decisions about training?

It is also up to supervisors and managers to ensure that more frequent informal feedback takes place. By encouraging employees to share in setting performance objectives and determining critical job elements, managers can better understand employees' needs and perspectives, and can clearly express their own. At present, employees indicate that joint setting of performance objectives is not common and that they are not usually involved in decisions about their jobs.

Consequences of Performance

Performance appraisal systems typically are designed to assess performance for employee development and to provide information for promotion and retention decisions. The bottom line is performance improvement, through training or motivation. Particularly for motivation, performance appraisal can play a major role. However, this can occur only when employees believe that appraisals accurately reflect performance and are instrumental in determining who receives organizational rewards. Since the survey results show that employees do question the accuracy of present appraisal systems, it is not surprising that they also have a difficult time seeing connections between performance and rewards. Less than half of the workforce (39%) feel that unscheduled pay raises or promotions depend upon their performance. Close to half also report that they are not sure what determines getting a promotion. In addition, over 50% indicate that it is unlikely they will receive cash rewards, pay increases or promotions if they perform especially well. Employees not only consider such rewards unlikely, but rarely see those that do occur as legitimate and merit-based.

If motivation of the workforce is to be enhanced, it is vital that employees see rewards as dependent upon how well they perform their jobs. There are, of course, aspects of reward-performance connections that managers cannot control. Although managers can grant unscheduled pay increases to subordinates under the merit pay provisions of CSRA, merit pay now directly affects only GS 13–15 supervisors and managers. However, for the majority who are not under the merit pay system, other actions can demonstrate that supervisors, and the organization, recognize and value excellence. Simple recognition of a job well done is seriously undervalued and neglected by supervisors. Employees report that although they are more likely to receive recognition than financial rewards for excellent work, neither is very likely. Once again, we see the poor use of information feedback to the employee. The new performance-based appraisal system should encourage managers to take advantage of increased flexibility under the law to grant performance awards.

At the present time, only approximately 45% of employees report that supervisors take time to help poor performers improve their performance. This contrasts with supervisors' views, as 65% indicate that help is given to improve poor performance. Managers may be more willing to reward the more productive members of their staff when their own pay increases are on the line. They may also begin to take more direct action to improve low performance levels of subordinates.

Supervisors and managers also have the potential to enhance employees' motivation by increasing their sense of fairness in the organization's systems. This means not only rewarding good performance, but taking action against poor performers. At present, the workforce generally fails to see negative consequences for poor performance; only one-third of the workforce feel that they will be demoted if they perform poorly. Although employees indicate that it is more likely there will be penalties for poor work than rewards for good work, neither outcome is seen to be closely linked to job performance. Once again, the importance of the performance appraisal system becomes evident. Performance-based appraisals can generate more specific evidence upon which to base judgments and document poor performance. Therefore, they may encourage managers to initiate more actions based upon poor performance and emphasize to employees that different levels of performance have significantly different consequences.

Conclusion

While not startling or dramatic, survey results do confirm that many employees feel a need to be managed more effectively. They indicate that the present appraisal and reward systems in Federal organizations are particularly ineffective, and managers' actions, or lack of them, reflect the present state of those systems. Civil service reform legislation is designed to foster changes in the system's structure, but individual and organizational improvements ultimately rest upon managers' commitment to improve their own supervisory and managerial skills.

Alan L. Siegel is a psychologist on the staff of the Office of Productivity, OPM.

SOME REALISTIC CRITERIA FOR APPRAISAL SYSTEMS

By Jule Sugarman,
Deputy Director
Office of Personnel Management

Traditionally, Federal managers have tended to regard performance appraisal as a perfunctory exercise. In contrast, many private sector managers spend as much as 15% of their time on appraisal-related activities, recognizing that performance appraisal is an integral and necessary part of management. Civil service reform legislation requires a similar recognition in the Federal sector. Indeed, appraisal of employees' performance may be the single most important provision of CSRA.

Relationship to Other Management Processes

Performance appraisal relates directly to the management processes of budgeting, setting staff levels, planning, and controlling work. Requirements on management are established internally (by agency policy) and externally (by substantive legislation, appropriations, Presidential policy, and Government-wide regulations). Management's requirements result in organizational goals, budgets and work plans which in turn can be reduced to, and expressed in, individual performance elements, standards and measures.

And it is from the foundation of performance appraisals, from establishing individual performance goals and holding individuals accountable for them, that organizations' cumulative achievement is built.

Appraisal Systems: Required Elements and Uses

CSRA requires agencies to:

- Determine the critical elements of employees' jobs;
- Set performance standards or requirements for both critical elements and other important job aspects;
- Communicate to employees what is expected of them;
- Appraise employee performance based on the established standards or requirements; and
- Use appraisal information in making personnel decisions.

The Act requires that appraisal information be used to recognize and reward employees whose performance warrants. This includes decisions on performance awards for senior executives and merit pay for supervisors and management officials in grades GS–13 through GS–15. For senior executives, appraisals must be based on both organizational productivity and individual performance. The law encourages this approach for the merit pay group as well.

Appraisals must yield information useful in determining whether performance awards are merited for all employees, as well as for the Senior Executive Service and merit pay employees. The information must be useful in such matters as competitive promotions and training, and so must produce data for two types of decisions:

- Those in which the employee's performance is compared to the standards set for the position; and
- Those in which comparisons must be made among individuals.

Organizational Performance

For senior executives and the merit pay group, performance of the organizations for which they are responsible can be the most important component of their appraisals. A manager's performance standards should reflect the expected organizational accomplishments for which he or she is to be held accountable. The initial division of performance award and merit pay funds among organizational units should be based at least in part on an assessment of each organization's performance in relation to other organizations within the agency. Although methods for distributing them may vary, it is generally not desirable to apportion funds among organizations solely on the basis of percent of payroll. One possibility is to allot most of the funds in proportion to payroll, while distributing the remainder to organizations significantly exceeding performance goals. The Comptroller General has ruled that agencies may cross appropriations lines when funding the merit pay system.

Expressing Organizational Performance Standards

Organizational performance standards can be expressed in many ways. The important considerations in determining how to express a standards are:

- Is it understood the same way by both the managers held accountable for achieving it and by higher management?
- Is it consistent with Presidential and Congressional requirements and with agency program directives? Specifically, is it consistent with available funding, program and performance goals, zero-based budget decision packages and expressions of Presidential and Congressional priorities?
- Is it expressed in measurable items?
- Does it measure efficiency?
- Are output measures defined in ways that indicate quantity, quality, timeliness and responsiveness to public needs, as well as costs?
- Are current reporting systems adequate to capture desired input and output data, or must new systems be installed? Would they be cost effective?
- Are there provisions for modifying the standard to take into account external factors such as new legislation, hiring freezes, or changes in appropriations?

Individual Performance

Although all employees are appraised on their individual performance, individual performance standards are valid only to the extent that employees are qualified for and trained to do their jobs and have been provided with proper resources, working environments and supervision. Individual performance components for individual managers are those specific assignments for which they are held accountable. They consist of work for which a manager is personally responsible and which either may not be delegated or is a direct function of the individual's method of managing. Examples are budget control, ensuring equal employment opportunity and making fair and accurate appraisals of subordinates.

Individual Vs. Org[illegible] Performance

Managers can be held accountable only for those results over which they can reasonably be expected to have control or significant influence. The key issue is whether it is possible for a manager to have control of the situation so that accountability can be demanded. For example, someone managing an education program for veterans might be held accountable if the education is inappropriate or inferior, *provided* the manager has the resources to counsel students on

their choices and the right to refuse further payments to poorly performing schools.

Realistic Performance Standards

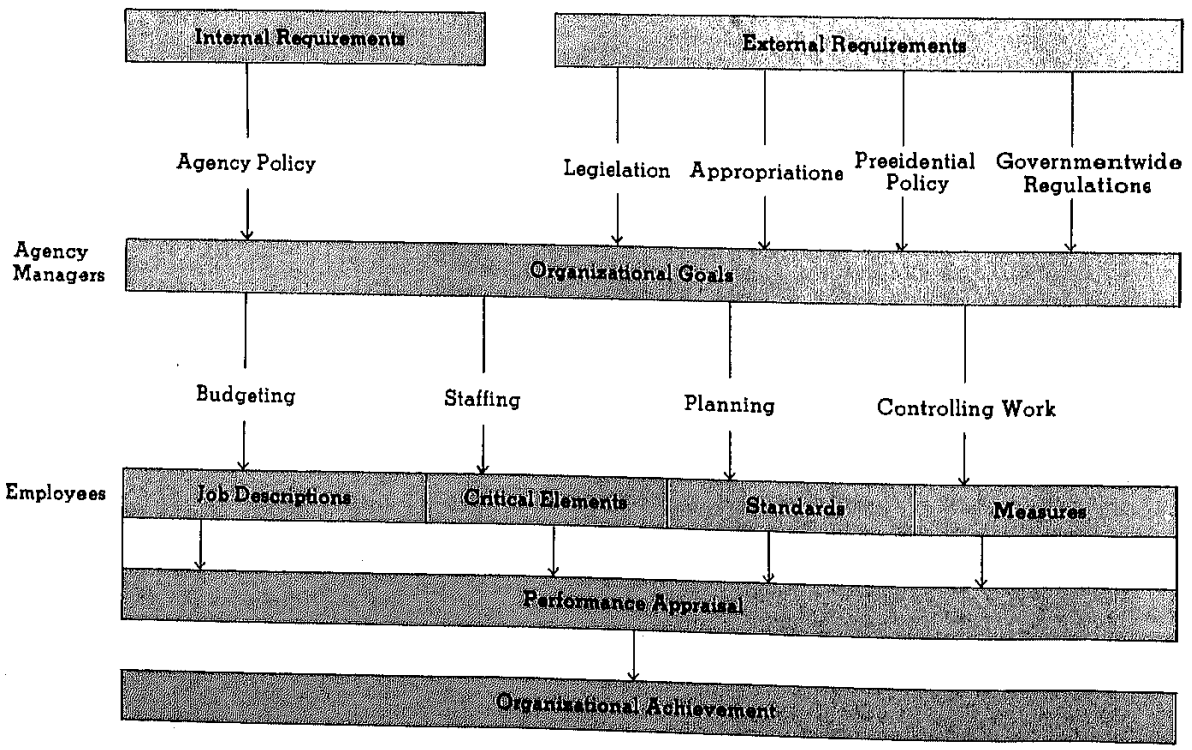
Organizational and individual performance standards must be realistic in terms of what can be achieved and challenging enough to stimulate employees' best efforts. While there may be, in theoretical terms, a correct or absolute standard of performance for an organization or individual, the operating situation is of great importance. Realistic standards are, at best, considered judgments as to what ought to be accomplished, taking into account available resources, current and potential staff competence, the environment in which the program operates and external factors affecting organizational and individual capacity to perform.

To the extent these factors differ among organizational units or change from year to year, management is justified in changing performance standards. Short, intermediate, and long range performance goals may be established. An individual who performs better than reasonably expected at a particular time, even if the long range goals have yet to be achieved, may deserve an appropriate reward. (Of course, it could also be appropriate to adjust the goals for the next appraisal period.) Any changes in standards, whenever they occur and for whatever reason, should be thoroughly discussed between supervisor and subordinate and be properly documented.

Cross Comparisons

Comparing performance for competitive purposes is likely to involve people doing different kinds of jobs. For example, a grants administrator may be competing with a manager of technical assistance services for a share of available merit pay funds within the same organization. Different kinds of organizations may also be competing when an agency determines that variations in merit pay funding will be based on differences in organizational accomplishment. Also, while individual merit increases must be based on individual performance of established performance requirements, there is apt to be a high correlation between individual and organizational performance, particularly in the case of an organization for which the individual manager is responsible.

For both individual and organizational comparisons, differences must be based on fair and objective assessments including comparison of performance. Thus, with all other things equal, the grants administrator exceeding standards by 20% deserves a greater share of the merit pay pool than the technical assistance manager who exceeds standards by 10%.



Measures of Performance
In evaluating performanee, it is sometimes necessary and valid to measure activities and proeesses as well as results, beeause *how* a job gets done is as important as *what* gets done. Another consideration is that some elements of performanee eannot be easily quantified. For example, the degree of coordination and eooperation with other organizations, quality of staff adviee, progress of researeh and quality of legal representation are generally difficult to measure. However, inability to quantify eertain elements does not mean inability to appraise performanee. Experieneed managers ean and do make valid appraisals of such aetivities. Use of peer reviews, self-appraisals, appraisals by consumers or users, and other forms of judgment ean, when used in appropriate eombination with supervisory appraisals, help to increase objectivity of the proeess.

Employee Participation
CSRA eneourages employees' participation in establishing performanee standards for their jobs, although the final deeisions are management prerogatives. In dealing with employees in a bargaining unit, management must be mindful of its obligations to the union granted exclusive representation. The process for employee involvement ean be extremely important: effeetive, eontinuing communication among senior exeeutives, managers, supervisors, and employees is likely to result in better individual and group performanee.

Doeumenting Performance Standards
Position deseriptions are offieial statements of employee duties and responsibilities. In the past, they did not ordinarily inelude standards of performanee. With CSRA, agencies will have to deeide whether to inelude performance standards and eritieal elements in their position deseriptions or to develop separate statements. The most realistie ehoiee is probably to develop separate statements. Whiehever approach is taken, performance standards and eritical elements must be eonsistent with an employee's position deseription and job elassifieation. Agencies taking personnel action based on performanee standards and eritical elements will have to produee evidenee that employees knew what was expeeted of them and that the expectations were job-related. Therefore, agencies should adequately document both standards and eritieal elements and provide eopies to affected employees.

Job Relatedness
In the past, agencies have tended to appraise employee performance by rating traits sueh as "dependability" and "initiative" without defining them in terms of job-related behavior, tasks or expected results. Sueh traditional trait-rating approaches are no longer appropriate beeause they do not meet the CSRA requirement that appraisals be based on objeetive eriteria. Rather than stating that an employee has a "superior level of dependability," one should now say, for example, that the "employee produces required reports with no more than one error per report and delivers 95% of the reports on time." In making personnel deeisions based on appraisal information, ageneies must be eognizant of the potential applieability of the Uniform Guidelines on Employee Seleetion Proeedures, whieh, under certain eireumstanees, mandate showing job-relatedness aeeording to specifie professional methods.

Putting It All Together
Developing and implementing sound performanee appraisal systems will require a substantial eommitment of time and effort by ageneies. Tough questions will be asked. There are no easy answers, and no shorteuts whieh will not imperil our efforts to re-direct work carried out in the Federal serviee along performanee-based lines. This a ehallenge that we, as Federal managers, ean only meet head on, and one that requires our full attention and support.

Performance Appraisal: A Glossary

Job Elements. The functional components of a particular job, including basic tasks and responsibilities.

Critical Job Elements. Job elements of sufficient importance that performance below the minimum standard established by management requires remedial action and denial of a within grade increase and may be the basis for demoting or removing that employee.

Performance Standard. A measure of level of performance for use in performance appraisal. Performance standards are required for each of a position's job elements. Standards may take into account such factors as quantity, quality, timeliness, accuracy, etc.

Performance Appraisal Period. The period of time established by an agency's performance appraisal system during which an employee's performance is observed in order to make a formal report of it.

Performance Feedback. Communication of the results of performance appraisal by the supervisor to the employee. Performance feedback in written form is now required by law at the end of each performance appraisal period, but supervisors are also encouraged to discuss appraisals with employees in person.

Position Description. An official written statement of the major duties, responsibilities

Job Title: Personnel Management Specialist GS-201-12

Basic Responsibility Statement: The incumbent of this position is responsible for personnel management/staffing services for one bureau and for the Chairman and his top staff. In addition, the incumbent is responsible for coordinating the Senior Executive Service program efforts for the agency.

The incumbent is one of three GS-12 PMS' out of an entire PMS staff of 5. The Personnel Management Office consists of (X) professionals and services the entire agency in all personnel matters including employee relations, career development, training and labor relations. While subject matter experts serve as resource people, the PMS staff is often called upon to assist in these areas.

Performance Element: Evaluate positions in accordance with Classification Standards.

Performance Levels	*Quality*	*Quantity*	*Timeliness*	*Measurement Method*
Fully Successful	1. Desk audit reports are clearly written so that no more than X complaints every six months are received.	N/A	1. Schedule of desk audits are completed in accordance with schedule established by supervisor.	Desk Audit Schedule, Report Reviews.
	2. No more than X complaints every six months concerning allegations that analysis and recommendations contained in technical evaluation do not support proposed classification.	N/A	2. Turnaround time from completion of audit to issuance of technical evaluation report is X days.	
Outstanding	1. Position management problems/concerns are presented to management with proposed solutions within X days of discovery.	N/A	1. PMS initiates master review schedule to review X % of positions in each office.	

Performance Element: Advise managers on factors relating to filling vacancies, e.g., average grade constraints, ceiling limitations, recruiting sources, alternative staffing means, etc.

	Quality	*Quantity*	*Timeliness*	*Measurement Method*
Fully Successful	Advice provided to managers is fully consistent with agency policy and FPM regulations.	N/A	Within X days of notice of an employee's departure, PMS meets with managers on means to best fill vacancy.	Weekly reports from PMS. Supervisor observation.
Outstanding	Advice provided to managers is fully consistent with agency policy and FPM regulations. Managers accept advice and act upon 80% of the recommendations. PMS initiates discussion with managers on position management, and in 80% of cases is able to persuade managers to fill position at one grade level down.	N/A	Same as above	Weekly reports from PMS. Supervisor observation.

Performance Element: Recruit and refer applicants for vacancies.

	Quality	*Quantity*	*Timeliness*	*Measurement Method*
Fully Successful	1. Applications (SF171's) are screened so that only those which fully meet X-118 and related requirements are forwarded to managers.	N/A	1. Notification to supervisor if SF52 and position description are not received within 2 weeks after position has been vacated.	1. Supervisor reviews complaints and vacancy turnaround.
	2. Vacancy announcements clearly state the requirements, qualifications for the position and the necessary procedures for applying. No more than X complaints per year for errors or unclear announcements.	N/A	2. For actions involving MP, vacancy will be filled within X weeks after SF-52 is received or supervisor is notified of problems which occurred.	2. Supervisor reviews complaints and vacancy turnaround.
	3. Alternatives to MP actions reflect appropriate FPM regulations and are documented.	N/A	3. Vacancy announcements are posted for position within X working days of approval by supervisor.	3. Review of posted announcements.
			4. Upon receipt of 171's, screening will be completed within X working days.	4. Review of screened 171's.

Performance Element: Counsel employees and supervisors regarding any proposed or actual disciplinary actions.

	Quality	*Quantity*	*Timeliness*	*Measurement Method*
Fully Successful	1. No more than X complaints per year from counselees about incorrect or ineffective advice.			1. Weekly reports
	2. Detailed records are maintained of all counselling sessions.			2. Review of records
	3. Employee problems needing counselling greater than what a generalist can give are referred to proper channels.			3. Review of records
Outstanding	Through discussion, analysis of problem indicates the appropriate course of action.		PMS is able to counsel employees in such a manner that no further steps are necessary prior to action.	

These examples have been produced for illustrative purposes and are not to be viewed as "model" standards. They were wri incumbents holding specific jobs in specific agencies and, although the standards are appropriate for the use of those indivi people holding similar jobs in other agencies will need to determine the standards most appropriate for their own positions.

EVERYISSUE·EVERYISSUE·EVERYISSUE·EVE

Giving Quality Instructions

"Why can't they follow instructions?" is a too familiar refrain

People *can* follow instructions. When they don't, the foul-up is either *unintentional* or *intentional*. And while bosses want neither, they can make both possible.

Use the following guide to check out the quality of the instructions you give.

Causes of Intentional Foul-ups

• **The to-the-last-detail approach.** When instructions are so top-heavy that the subordinate feels completely locked in, chances are those instructions will be followed, with some resentment, to the last detail. Should trouble develop along the way, however, that person may be reluctant to vary anything. "That's the way the boss wants it" may be the rationale. And if the boss just happened to be wrong, the job will be, too. Intentionally.

• **The heavy-handed approach.** People respond differently to a show of authority. A manager's bark, for instance, may send one person off to do the best possible job, but cause another to want to get away with as much as possible. Some people are more sensitive than others, and managers need to keep that in mind.

• **The yes-you approach.** When a subordinate feels singled out for still another "special" job, while other people aren't, that person may retaliate by moving ever so slightly away from the instructions. Managers sometimes resort to the yes-you approach not because they want to pick on certain people, but because those people are more reliable. This can be unusual, if inadvertent, punishment. And somewhere along the way someone may decide that the only way to get out from under is not to follow instructions so well.

Causes of Unintentional Foul-ups

• **The too-casual approach.** "I think doing it in three separate steps might cut down on errors." You don't want to sound like a drill sergeant when giving instructions, but neither do you want to be so informal as to risk misinterpretation. *Suggesting* may not be enough with certain subordinates. If you do it in an off-hand, by-the-way manner, the fact that you are giving instructions may be lost on that particular person.

• **The missing how-to approach.** If you want a job done in a certain way, say so. Otherwise, chances of getting it done exactly as you would like may be nil. How-to isn't always necessary, but if you don't like surprises, don't leave it out. Other common omissions: *when* or *where* to do a job.

• **The pile-up approach.** A manager can give too many instructions to a number of people in too short a time. Or, as occasionally happens, an assistant will give similar—but different—instructions to the same people. The result can be a backup of conflicting instructions, confused subordinates, and guesswork about priorities.

• **The unarticulated approach.** Sometimes managers envision the task so clearly in their own minds that no instructions are really given. The manager assumes that the subordinate is on the same wavelength, and then confusions reigns. □

What Does The Boss Mean By "Keep Me Informed"?

Here's how to tread the line between doing too much and too little

To Lee Marks, it seems that hardly a week goes by that the boss doesn't toss off a "Keep me informed, Lee." "That phrase," says Lee, "became so automatic with Roger that I'd learned to ignore it. Then, one day, it jumped up and bit me. I fell behind on a small project, without telling him—and Roger chewed me out. I had no way of knowing that, for once, he had really meant it."

The problem with bosses who always want to be in the know is that you run the risk of antagonizing them if you don't take them seriously—and you run an equal risk of becoming a bore or pest if you run in constantly with unwanted details. A simple "keep me informed" by itself gives no clues as to what's expected. So, before you make any assumptions about the real meaning of that offhand message, analyze its context:

• **What is at stake for the boss in this matter?** How directly do the process and the outcome bear upon the boss's responsibilities? If what you are involved in will in some way involve the boss, then the greater the level of detail you provide, the better for both of you.

• **Does the boss have a personal or political interest?** The "small project" that Lee was working on touched, if only peripherally, another department in the organization. The boss lit into Lee only when he found out from the other department head that the project had become stalled. Bosses can be sensitive about being "the last to know" about anything around the organization that concerns them. When you feel that something personal or political may be at stake, keep feeding information to the boss.

• **How far do you want the boss to become involved?** Consider such things as any special expertise the boss may have that you want access to, or any support that could be helpful to you, or even how much you want to impress the boss with your actions on the matter. The more you want to get, the more you should tell.

• **Recommendation:** If you have been on the uneasy receiving end of a request to "keep me informed," you will be more sensitive than to inflict such uncertainty on others. So, when you wish to be kept informed about something, *make your request specific.* Say, "When you decide, I would like to know," or "Let me know when Fran calls you," or "I would be glad to help if anything comes up and you think I could be useful." You will not only make the other person's load easier—you will be more sure of being kept informed to the extent that you wish, not to the extent a subordinate guesses you wish. □

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Rewarding Your Outstanding Employees

by Richard P. Brengel

A number of major misconceptions currently prevalent among Federal managers inhibit the effective use of cash incentive awards to recognize and reward outstanding employees. These false assumptions should be dispelled as managers go about the business of developing new performance appraisal systems and the rewards and penalties that go with them.

The misconceptions include:

"Awards are too small"—Too frequently managers assume, incorrectly, that monetary awards are too small to confer significant recognition. The fact is, agencies have wide latitude under new Federal awards regulations to design awards systems to best support their organization's goals and the recognition needs of their workers. This includes setting the amount of awards that may be granted within an agency and approving awards up to $10,000 for an individual or group contribution. Awards over that amount also may be given; a case in point is the Department of Agriculture, which recently requested that the President approve an award of $35,000 to 42 Forest Service employees who studied and made recommendations concerning the use of 62 million acres of national forest land in 39 states and Puerto Rico in record time. Over 300,000 citizens' comments were involved in the study, which took only 20 months to complete and saved the Government over $120 million. This was the first time in the 25-year history of the Federal Incentive Awards Program that the President used his monetary awards authority. The recommendation was made by Secretary Bergland through OPM, which is required by law to review recommendations of awards over $10,000.

To keep pace with current thinking on incentives as well as changes in the cost of living, the Office Of Personnel Management is recommending that agencies base performance awards on a percentage of an employee's base salary, rather than on a fixed scale. Also, to provide for more significant awards (the current average performance award is $260), and for a higher percentage (now about 1 out of 20) of employees to receive them, OPM is recommending that all agencies 1) allocate a percentage of salaries for performance-related incentive awards, and 2) raise the scale used to determine amounts of awards for both tangible and intangible benefits.

"Too much red tape"—Contrary to popular opinion, agency managers are not required to submit lengthy documentation to justify awards. What *is* required is that the documentation contain (1) a specific statement of the job elements or requirements, (2) the standards for those elements, and (3) how the employee's performance exceeded the standards. The Civil Service Reform Act requires that agencies' performance appraisal systems be used as the basis for a variety of personnel decisions, including incentive awards. Agencies are now required to use a performance appraisal as the basis for performance recognition, thus providing an objective basis for making such decisions. When it contains the required information, the form and paperwork required for an employee's performance appraisal logically can and may be used as the documentation for a deserved award.

"Awards take too long to process"—On the average, agency processing takes 77 days from the time an award is recommended by a supervisor until it is presented. However, it doesn't have to take this long—and it shouldn't. When recognition immediately follows an employee's contribution, the employee and his or her coworkers see a more direct connection between performance and award. The greater the delay in recognition, the less well understood and appreciated the action.

To overcome the time problem, several agencies have taken these steps: (1) delegated awards authority to the lowest supervisory level possible and practical, (2) changed the role of the awards committee from decision making on individual awards to one of program oversight, (3) presented certificates before the awards checks were prepared, and (4) arranged for checks to be processed within two weeks.

"Awards are only a fringe benefit"—During the last fiscal year the $3.8 million investment in suggestion awards to civilian employees of the Federal Government yielded $147.7 million in first year tangible benefits. Thus, for each suggestion award dollar granted, the Government gained $38 in benefits during the first year. (The *average* usefulness of a suggestion is 3 to 5 years.) Additionally, the investment of $29.4 million in Special Achievement Awards yielded $214.7 million in measurable benefits. The cash awards are *earned* by employees for efforts beyond their normal job responsibilities. As the result of the benefits realized, agencies are able to produce more, accomplish more, or provide greater services to the public with the same or fewer resources. With an overall return rate of 11 to 1, the awards program is not merely a "fringe benefit."

"Awards don't motivate"—If you think that awards are not motivating employees in your organization you should find out whether this is, in fact, so. First, questionnaires and/or interviews can be used to explore employee views at all levels. Then, a representative group should be assigned to determine what kinds of awards and recognition *will* motivate employees in various kinds of jobs to improve performance. The Foreign Agricultural Service uses awards to motivate employees to build and maintain language fluency needed to perform more successfully. Other organizations, including Navy and the Bureau of the Census, are using awards to provide incentives for employees to excel in repetitive jobs that have well developed performance standards, such as key punching. Several agencies, including the Postal Service, have used their suggestion program to focus employee creativity on solving critical problems. And the Veterans Administration has used their awards program successfully to direct employee attention to helping serve the needs of veterans and their families. A number of agencies, such as the Treasury Department, are testing systems that tie management by objective with managerial performance awards.

These are a few examples of the flexibility agencies have been given and have used to tailor their incentive awards program to their specific needs. If you want to investigate ways to reward your best workers and to use cash awards to help your staff become more productive, contact your agency Incentive Awards Administrator or your personnel office. As you take this initiative, you'll find that the tools and the flexibility are there to help you.

Richard P. Brengel is Director of the Incentive Awards Branch, OPM, which establishes Government policy on incentive awards.

Executive Development for You

GS-15 (and, in special cases, GS-14) employees should be keeping themselves informed about the new executive development programs which Federal agencies are launching this spring. Designed to prepare candidates for SES positions, the programs offer individually tailored development of executive competencies through on-the-job experience (including special work assignments and "details") and formal course work. Each year agencies will select a small number of new candidates for their programs, depending on anticipated SES vacancies. Agencies with over 150 SES positions will open competition to employees from other agencies and may consider applicants from outside the government as well.

An anticipated 70 percent or more of SES positions will eventually be filled by program graduates. As further incentive, graduates will be placed in special agency executive talent pools for five years after completion of training. During this period agency personnel office. If you are a woman or a member of a minority, it's a good idea to check with your Federal Women's Program or EEO office as well.

New Schedule B Appointing Authority

The Office of Personnel Management has recently issued guidelines on the use of a new Schedule B appointing authority to facilitate recruitment of SES candidates from outside the Federal government. (Schedule B appointing authority covers positions other than confidential or policy determining for which it is not practical to hold a competitive examination.)

In compliance with provisions of the Civil Service Reform Act, agencies with over 150 SES positions are permitted to consider qualified individuals from outside the civil service for admission into their SES development programs. In order to place qualified non-status candidates in appropriate developmental positions (usually at the GS–15 level) during the training period, agencies may invoke the new Schedule B appointing authority, thereby exempting candidates from competitive examination. These appointments, however, are not to exceed or be extended beyond 3 years.

Candidates from outside the government who complete their SES training and are certified by a Qualifications Review Board will be eligible for noncompetitive appointments to SES positions, or they may compete for non-SES agency positions for which they are qualified.

More Productive Than Ever

While Federal employment decreases, government productivity increases. According to the Annual Productivity Report issued by the U.S. Office of Personnel Management and the Bureau of Labor Statistics, overall government productivity rose by 1.7 percent between 1977 and 1978.

This increase is evidently an acceleration of a broader trend. From 1967 to 1978 government productivity rose at an average annual rate of 1.4 percent, which indicates that government is keeping pace with the private sector.

The report presents productivity data on 50 Federal agencies covering 65 percent of the Federal civilian workforce. The data were compiled in 28 functional categories using a total of 2,660 performance indicators. Performance indicators include such activity as claims adjusting, book binding, consumer complaints processed, etc.

Copies of the report, which also discusses OPM's role in productivity measurement and improvement, can be obtained from the Productivity Research Center, U.S. Office of Personnel Management, Washington, D.C. 20415.

Taking Performance Appraisal Seriously

In a move which closely parallela the Federal government's renewed interest in aystematic, effective performance appraisal, General Telephone & Electronics Corp., a private firm employing 220,000 workers, has instituted a uniform system of job evaluation and enrolled 400 of its managers in a two day course showing them how it's done.

Twenty-five managers at a time take the course, which uses videotaped reenactments of on-the-job situations, group discussion, self-evaluation and evaluation by subordinates to improve managers' understanding of the appraisal process. Participants are taught how to reinforce desirable behavior in subordinates and how to point out weaknesses in a non-hostile manner. They explore ways of helping subordinates with career planning and development. In order to appraise others more fairly, they learn to appraise themselves, identifying and assessing the effects of their own managerial styles. Managers whose self-evaluations conform closely to the rating they receive from their subordinates are most likely to be effective managers.

Part-Time Direct Hire Made Possible

An experimental two year program permitting selected Federal agencies to fill part-time career conditional civil service jobs under streamlined procedures will be launched in mid-April 1980. According to program guidelines issued by the U.S. Office of Personnel Management, participating agencies will be empowered to make direct hire offers of career part-time appointments to qualified candidates they recruit. To ensure that appointees under the new program have a legitimate interest in part-time employment, they will be prohibited

from moving to full-time work schedules until they have completed at least one year of part-time service.

The program is designed to help Federal agencies comply with the Federal Part-time Career Employment Act of 1978 (P.L. 950437) and President Carter's 1977 directive to expand part-time employment. Since 1977, Federal agencies have established more than 20,000 new permanent part-time jobs.

For further information, contact your agency personnel office.

Cherry Hill

Federal managers and executives from all over the nation met together in Cherry Hill, New Jersey from February 10 to 13 for the Second Annual Management Conference, sponsored by the Office of Management and Budget, the General Services Administration, and the Office of Personnel Management.

The conference, which was organized around the theme of greater government productivity, provided managers with an intensive update on such productivity-related issues as control of fraud and abuse, improvement of service to the public, quality of work life, productivity and collective bargaining, and reduction of red tape.

Exemplary Practices Program

As part of its program to improve productivity in the federal government, OPM has established a new Exemplary Practices in Federal Productivity program to identify methods of improving productivity.

Under the new program, OPM will accept nominations of outstanding examples of improved productivity, review and document them, and publicize the best ones for use by managers throughout government. OPM is currently studying several projects to determine their applicability to other sectors of the government.

- Department of Defense's fast payback capital investment program. The program concentrates on small item equipment purchases that can pay back their initial costs within two years through labor or resource savings.
- Department of Housing and Urban Development's performance objectives project for workers. The program is concentrated on tasks in the Finance and Accounting Office and requires that supervisors set goals for production, inform workers of their rates, and positively reinforce them.
- Kelly Air Force Base aircraft maintenance productivity improvement program, which includes more efficient work procedures, incentive awards, and job enrichment.
- National Labor Relations Board case management system.

OPM is seeking nominations from federal managers of projects, programs, or other examples of improved productivity, including instances of enhanced efficiency, effectiveness, responsibility, or accountability. Nominations may be in either of two categories: total system or unit improvement. All projects will undergo thorough analysis before being designated and publicized as an exemplary practice. Initial nominations may be brief and informal, but must contain the following information:

- title of program or project
- name and location of agency and sub-unit
- name and telephone number of person in charge
- start and completion dates (one year minimum)
- cost and/or number of employees involved
- means of achieving objectives
- achievements (quantitative measures)

Nominations or inquiries may be directed to Exemplary Practices, Office of Productivity Programs, OPM, P.O. Box 14108, Washington, D.C. 20044.

Too Much Too Soon

The leading cause of job-related stress among managers is a heavy work load compounded by unrealistic deadlines, according to a recent American Management Association study.

The AMA asked 2,659 top and middle level business managers to identify situations which caused them the most stress both on and off the job. Other commonly cited sources of on-the-job pressure were a perceived disparity between the organization's goals and the manager's goals, and personal favoritism counting for more than demonstrated job skills. Non-job-related stress was most often attributed to financial problems, problems with children, injury, and illness.

While everyone knows that mismanaged stress can be harmful, the AMA study points out that stress can have a positive side too, serving as a spur to personal growth and improved performance.

Research Conference Proceedings

The proceedings of the Public Management Research Conference, held last November at the Brookings Institution, have now been published under the title *Setting Public Management Research Agendas: Integrating the Sponsor, Producer and User* (OPM Document 127–53–1, February 1980).

The 95 page volume, issued by the Office of Personnel Management, reflects the growing relationship between academic research on public management and managers in the private sector. Included are three papers presented at the conference by noted public management scholars, summaries of group discussions, and the remarks and recommendations of key conference participants.

For copies, write to the U.S. Office of Personnel Management, 1900 E Street, N.W., Room 3305, Washington, D.C. 20415.

Civil Service in the Promised Land

Government offices in Israel are generally open to the public from Sunday through Thursday, 9 a.m. to 1 p.m. *Hello Israel*, a weekly guide for tourists, suggests that visitors "come prepared with loads of patience" when on government business.

Please Stop Helping Me Manage

by Gary Palmquist

Let me set the scene: I'm a middle manager in charge of an accounting office which is comprised of 55 employees, 12 of whom are in professional series. We handle, for the most part, production functions, i.e., accounting, payroll, collecting, voucher examining and bill paying. As I see it, my job is to help my unit accomplish its mission in spite of all the help *I'm* getting from those who pass laws and issue regulations relating to the management of people.

I am generally sympathetic to the need for change and improvement. However, my major concern is that the recent flurry of law changes, which are touted as mechanisms for increasing management effectiveness, have actually increased the burden on production oriented managers such as myself. It appears that the new laws and regulations are designed by people who do not have experience working in an office which has a production workload. Yet, these laws and regulations are designed to increase the productivity of "production" offices. By a production office, I mean an office which must meet specific externally set deadlines, such as issuing paychecks every two weeks or presenting a training course on schedule.

First, let me comment on civil service reform. I'm covered by merit pay. My boss is in the Senior Executive service (SES), and my employees are for the most part eligible for the increased attention promised unions by the Civil Service Reform Act (CSRA). As I understand it, my boss' SES pay depends on my unit's performance; so, naturally, she is expected to be very demanding. My employees are fairly well insulated from my pressures because almost anything can become a union grievance which is bound to wear me down. The new law has me caught in the middle. So the question becomes: Is my merit pay raise worth the aggravation?

I hate to tell the people who designed CSRA, but I really don't respond simply to money. It is difficult to determine what motivates me, but I think I work because of the power, prestige and challenge of the position. Anyway, merit pay probably will amount to only a few hundred dollars a year difference from what I could normally expect. In spite of the fact that I must play the merit pay game seriously (preparing numerous drafts of my performance appraisal plan, for example) it is likely that I will simply do what I think I must to do the job—and take my chances on the pay.

As performance appraisal gets underway, I will be developing performance plans for the employees of my unit. This, I believe, will result in increased paperwork and decreased employee morale. I've never been too concerned about the incompetent employee whom the performance plans are designed to identify and remove. I've always addressed that problem by job restructuring, i.e., matching the employee's strengths with the unit's required duties. The real problem I've had is with employee discipline. The CSRA does not address this problem. It is still as difficult to determine how to document a case for the removal of an employee for nonattendance as it ever was. Unless a manager has regularly needed to remove someone for disciplinary reasons, the chances are very good that he or she will lose the case because the documentation is inadequate. It appears to me that this concern has been wholly overlooked by the reform act.

Another recent initiative to help Government managers increase productivity is the emphasis on hiring part-time employees. Of course, managers have been hiring part-time people for years because of the personnel ceiling on full-time employees. Often people were hired for 38 or 39 hours a week simply because of the ceiling. Now the new law purports to encourage part-time employment by limiting part-time workers to 32 hours a week, and requiring them to pay an increased share of the health insurance premiums. The Federal Employees Part-time Career Employment Act has not helped me find people willing to work part-time.

For the past several years, production managers have been laboring under the flexitime experiments. Now, there is new legislation, the Federal Employees Flexible and Compressed Work Schedules Act, authorizing compressed work schedules. The various theories supporting these initiatives include: increased morale, less use of sick leave and annual leave, and longer public operating hours.

I must agree that flexitime or compressed schedules increase morale and reduce unplanned absences. However, from the production manager's point of view I find the shortcomings more than offset the advantages. First: I wonder how General Motors would run the assembly line if workers were allowed to work whenever they wanted. Flexitime is nice for staff offices, but often disruptive in a production office. I know that a manager is supposed to be able to exclude his or her unit from flexitime if it is disruptive. But the political and morale consequences of doing that can be disastrous.

Second: Employees used to take an hour or two of leave when they were late or had to see a doctor. Now they just flex. This means they have more leave to use for vacations and can be gone longer. I believe it is a greater burden on the manager to cover their work while employees are on vacations than when they are out for a short time. Also, I wonder if the saved sick leave will put an unnecessary financial strain on the Federal retirement fund.

Third: It has been my observation that people are less productive when they know they must work more than 8 hours a day. When compressed work schedules requiring attendance for 10 hours a day are instituted, I believe we will see 8 hours of work stretched out over 10. And what do we do about covering the employee's duties on his or her day off? Most of us don't have the luxury of backup people for each job. And there is little hope that the office can be closed one day a week; in fact, we are supposed to be open longer. My prediction is that service to the public will deteriorate because the people scheduled to work on days when others are off may get sick and no one will be on duty.

I've discussed only three recent initiatives which I believe adversely affect the Government manager. I have limited my criticism to the viewpoint of middle managers who find themselves

responsible for production activities. Clearly, a manager of a staff office with only professional employees would not necessarily see the problems I do.

However, that is the point: Staff people have the time and responsibility to be creative in developing new approaches to management. They should remember, though, that the real experts are the production managers and that initiatives should take into consideration the problems those managers face. Thus far, I don't believe the laws and regulations have sufficiently considered the problems of the Government production manager.

Gary Palmquist is Chief, Financial Management Division, OPM

Oversight Hearings on Civil Service Reform

Representative Patricia Schroeder (D–CO), Chairwoman of the House Subcommittee on Civil Service, has announced three sets of hearings to be held this spring on the Civil Service Reform Act.

The first hearings were conducted in March to ensure that protections for whistleblowers under the Act are working and are effective as a defense against abuse and mismanagement. A report on the hearings will be issued in the near future.

The second set of hearings will focus on the implementation of performance appraisal systems. These hearings emphasize the pivotal role that performance appraisal mechanisms play in determining the success of other major features in the Reform Act.

The third set of hearings will examine the labor-management provisions of CSRA and are expected to look at the operations of the new Federal Labor Relations Authority and the extent to which collective bargaining, consistent with Congressional intent, is taking place.

Passed

Public Law 96–166 extends until September 30, 1983 the provisions of the Federal Physicians Comparability Allowance Act of 1978. These provisions allow an additional payment of up to $10,000 per year for positions in which there is a significant problem in recruiting and retaining physicians.

Public Law 96–156 has amended the Retired Employees Health Benefits (RFEHB) Act to provide a measure of financial relief for retired federal employees. The new amendments provide that the Government contribution for a retired employee electing "self-only" coverage shall be equal to the current monthly Medicare Part B premium, now $8.70. Retirees electing "self and family" coverage will be entitled to twice this amount. The Government's contribution will rise with future increases in Medicare premium rates.

Public Law 96–179, originally proposed by OPM, was enacted to improve survivors benefits for dependent children. The legislation now allows illegitimate children of deceased federal employees to qualify for survivors' benefits even if they did not live with the parent who died.

Pending

President Carter's proposal to modify and improve the procedures used to determine pay rates for federal workers is currently pending in the Congress (H.R. 4477 and S. 1340). Hearings have been held by the House Subcommittee on Compensation and Employee Benefits and the Senate Subcommittee on Civil Service and General Services. In his State of the Union Message, the President urged Congress to take action on pay reform, and the proposal is expected to receive further consideration during the second session of the 96th Congress.

A number of other legislative proposals of interest to federal employees are pending on Capitol Hill. Here are some highlights of pending legislation:

- *H.R. 5995 and H.R. 5704 would assure federal employees' receiving their paychecks on time when controversial riders hold up enactment of appropriations bills. The House Subcommittee on Compensation and Employee Benefits held hearings in February.*
- *H.R. 4717 would provide for lowering agency personnel ceilings based on the extent to which Federal functions are contracted out. This measure has been approved by the House Post Office and Civil Service Committee.*
- *H.R. 1265 would liberalize government employees' life insurance benefits. Hearings have been held by the House Subcommittee on Compensation and Employee Benefits.*
- *H.R. 5461 would make January 15th, Martin Luther King, Jr.'s birthday, a federal holiday.*
- *H.R. 2510 would allow Government employees forced to retire on mental disability under fitness-for-duty procedures to appeal to the federal courts. Hearings have been held by the House Subcommittee on Compensation and Employee Benefits.*

Information on legislation of interest to managers and supervisors is prepared by the Office of Congressional Relations, OPM.

Wells v. Harris Decision

Implications for Managers

The December 17, 1979 decision by the Merit Systems Protection Board (MSPB) in *Wells* v. *Harris* has significant implications for federal managers in the implementation of the Civil Service Reform Act. In this case, the Board held that performance standards and critical elements need not be identical for employees in the same grade and series and operating under the same position description. It also held that there was no requirement that standards and elements be developed on a centralized basis. These holdings, taken together, ensure that managers will have the necessary flexibility to design the types of tailored performance appraisal systems envisioned by Congress in the Reform Act.

Further, the Board ruled that for an employee to show that an action should be overturned because of a prohibited personnel practice, he or she must show not only that a prohibited personnel practice was committed but also that the violation harmed that employee. Thus, the Board ensured that mere technical violations cannot be used to reverse an otherwise justified agency action.

The Board, however, decided that Congress did not intend to allow agencies to take actions under the new streamlined procedures in 5 U.S.C. 4303 for demoting or discharging employees where performance is unacceptable until they had developed a performance appraisal system plan approved by the United States Office of Personnel Management (OPM). Although this aspect of the decision will temporarily delay the implementation of the new procedures, its effect is limited. First, the Board held that agencies may develop a system plan for units of the agency. They are not required to develop an agency-wide plan before taking an action using the new procedures. Second, the agency does not have to show that it has used its performance appraisal system to take other types of actions prior to using the new procedures. Third, before an agency develops a performance appraisal system plan that is approved by OPM, it may use the adverse action procedures (chapter 75 of the title 5 of the U.S. Code) to demote or discharge employees for inefficiency.

Critical elements and performance staadards need not be identical for all employees with common position descriptions.

The Board held that critical elements and performance standards need not be identical for all employees within the same grade and series and operating under the same position description. Rather, the Board made it clear that managers must have the flexibility necessary to develop a system or systems tailored to their agencies' needs. The Board stated that:

> We do not, however, find that performance standards and critical elements need be identical for all employees having common position descriptions, nor do we discern in the Act or its legislative history any requirement that standards and elements be developed by each agency on a centralized basis. It is clear that Congress, to permit agencies to have maximum flexibility in these respects, required only that performance standards be based on objective criteria 'related to the job in question for each employee or position' under the particular appraisal system, and that the other requirements of section *4302* be met.

Thus, rather than relying on generalized descriptions of broad responsibilities, managers must look to the work that an employee is actually doing and ensure that the elements and standards reflect and measure that work. Although the elements and standards must be consistent with the employee's position description, they are clearly not controlled by it.

This holding makes it possible for managers to develop a meaningful performance appraisal system. The ability to tailor elements and standards to each employee's actual duties means managers will be able to evaluate that employee fairly and objectively, and to link performance appraisals to personnel decisions in the manner envisioned by Congress.

Agencies may adopt different systems for different units within the agency and are not required to develop critical elements and performance stnndnrds centrally.

The Board's decision recognized that agencies are not required to adopt one uniform system that covers all employees or all components of the agency. Instead, the Board's decision allows agencies to develop different systems for individual units at different times. Further, the Board held that standards and elements should not be developed centrally.

These holdings will have a substantial impact on the shaping of the system itself and on the process by which elements and standards are adopted. First, managers are free to determine what system fits the needs of their unit or of groups of employees within their unit.

(The decision is silent as to what constitutes an appropriate unit. Agencies, in making unit determinations, must consider a wide variety of factors including the proposed unit size, location and mission.) For example, an agency could determine that its General Counsel's Office constituted a unit and then develop separate systems for different groups of employees within that unit. It would be possible to adopt a management-by-objective system for attorneys but to adopt a numerical standard for clerical employees.

Second, critical elements and performance standards need not be promulgated by agency headquarters. They may be developed at any supervisory level provided that the agency procedures will enable it to justify differences in standards for employees doing similar work.

Third, it is clear that managers, in an agency component that has an approved plan and has developed elements and standards, may take advantage of the new procedures before the agency has developed systems for all agency components. Nonetheless, the requirement that the agency have a system for an appropriate unit and the Board's explicit rejection of an *ad hoc* approach indicates that, at a minimum, the agency must adopt procedures to ensure that everyone within the unit who is doing a similar job must receive elements and standards at the same time. A manager may not single out a particular employee to receive critical elements and performance standards while others performing the same job in the same unit do not receive them.

Agencies must have n system plan approved by OPM either for the agency as a

whole or for a particular unit before using the new procedures.

The Board concluded that Congress did not intend to allow agencies to use the new section 4303 procedures for demoting or discharging employees until the agency had a performance appaisal system established under 5 U.S.C. 4302. Although this holding invalidated OPM's regulations concerning interim actions under 5 U.S.C. 4303, its actual significance is extremely limited because of the flexibility the Board has given agencies in establishing these systems and because such actions can still be taken following Chapter 5 procedures.

First, as discussed previously, the Board held that an agency can take actions under the new procedures as soon as it has a system for the agency or any component approved by OPM and develops critical elements and performance standards for those employees within a unit who do the same job. OPM requirements are not difficult to meet. The plan must describe the employees covers; the way(s) in which standards and elements are established and employees are appraised; the ways in which employees are informed about the standards; the elements and the appraisal process; the supervisory officials who will be conducting the appraisal and, if applicable, reviewing approving appraisals; the records to be kept; and the ties between the appraisal system and personnel decisions. OPM normally will review plans within 30 days.

Second, the Board held that this requirement does not mean that an agency is required to demonstrate that it has used the results of appraisals for other personnel decisions but that it is enough to show that the system provides the basis for making these decisions. Thus, a manager need not conduct appraisals for other employees before taking an action against a specific employee or delay taking an action until the entire system has been in effect for a complete appraisal cycle.

Third, before an agency has an OPM-approved system and develops critical elements and performance standards applicable to a particular employee, the agency may use Chapter 75 procedures to demote or discharge that employee for inefficiency. Such actions would be processed similarly to old system actions. Additionally, if the Chapter 75 procedures are used, agencies need not provide employees with a reasonable time and opportunity to improve, as defined in the new procedures. Moreover, they are not restricted to using examples of poor performance within the past year.

The Board's decision creates, but does not address, a problem concerning the procedures to be used in dealing with poor performers who are non-preference eligible, excepted service employees. Although this group of employees does not have an appeal right to the Board under 5 U.S.C. 4303, they are entitled to certain agency procedural steps before being demoted or discharged under 5 U.S.C. 4303. They, however, are not covered at all by Chapter 75.

OPM believes that managers should treat actions against these employees for poor performance similar to actions under Chapter 75. Thus, they should be informed of what is expected of them, be provided with a written notice identifying their deficiencies, be given an opportunity to respond both orally and in writing to a higher level agency official and to receive a written decision. The manager, however, must make it clear that notice is not being issued under Chapter 75 and that the agency merely is attempting to comply with *Wells*. If the manager fails to make this clear, the employee may be able to argue he or she is entitled to an appeal to the MSPB.

The *Wells* decision also implies that even after an agency has an approved performance appraisal system and has developed critical elements and performance standards, a manager may elect to use Chapter 75. Despite this implication on the Board's opinion, OPM believes that Congress did not intend for Chapter 75 procedures to be used in cases where the employee's actions were covered by an established performance appraisal system. Thus, if there is an established performance standard which the employee has failed to meet, OPM believes agencies should use Chapter 43 procedures.

An employee must show that he or she was harmed by a practice to warrant overturning a personnel action.

Perhaps the most important issue before the Board in *Wells* in terms of long-term impact is the showing that must be made by an employee to overturn an agency action because of the commission of a prohibited personnel practice. The Board held:

> In any such case to establish (a defense based on a prohibited personnel practice) an employee must show that the decision was 'based on' a prohibited personnel practice in the particular case, i.e., that the procedural or operational defect in the appraisal system amounted to a prohibited personnel practice affecting the particular decision in a way that was harmful to the employee.

The holding protects the harmless error concept adopted by Congress as part of the CSRA. It has been argued that any violation of any portion of the statute or regulation, no matter how minor, was a prohibited personnel practice and, thus, would require reversal of the personnel action. This argument, if accepted, would have placed agencies in the same position they were in before the Reform Act—any procedural error would mandate reversal. The Board, however, emphatically rejected this position and held that the employee must show harm.

(It is significant that the Board has reversed less than 5 percent of the cases for harmful error as opposed to 15 percent prior to the Reform Act.)

Conclusion

The *Wells* decision ensures that managers will have the necessary flexibility to implement a meaningful performance appraisal system(s) tailored to each individual's actual job. Moreover, it reinforces the harmful error concept and protects managers against having justified actions reversed because of harmless procedural defects. Additionally, although the Board required agencies to have an OPM-approved performance appraisal system plan before using the new procedures, this requirement will have little effect and will only temporarily delay the implementation of these procedures. The requirements that must be met are not onerous and managers have been given the flexibility needed to meet them. Further, in the interim period, managers may continue to use the Chapter 75 procedures. On balance, it represents a substantive step towards making the promises of the Reform Act a reality.

In Brief, a regular summary of news on legal matters of interest to government managers, is prepared by Margery Waxman, General Counsel, OPM.

The District of Columbia's New Personnel System

On January 2, 1980, the Government of the District of Columbia ended most of its reliance on the Federal Government for personnel management services when it inaugurated a new civil service structure created to carry out requirements of the Home Rule Act.

The District's new structure resembles the three-part Federal Government structure created by the Civil Service Reform Act: personnel management authority will center in the Office of Personnel; final administrative appellate authority for appeals and grievances rests in the Office of Employee Appeals; and labor-management relations will be administered by the Public Employee Relations Board.

Changes in the Washington, D.C., system are of more than ordinary scope. Most personnel systems progress step-by-step from a number of separate agency offices to a limited jurisdictionwide authority to a fully comprehensive system. The District of Columbia has eliminated the middle step, going from limited agency personnel operations dependent on the Federal system for many services to a comprehensive system, equivalent in many aspects to a county or State government personnel system. Remaining ties with the Federal system, in health and life insurance programs and the retirement system, may be modified or broken by negotiated agreement with employee bargaining units.

Since all elements of the new system were not ready for implementation on January 2, some parts of the old system will be retained until superceded by new rules and regulations. Some particulars follow:

- Employees are divided among four employment systems: 1) *Career Service*—the D.C. Government's permanent merit system, filled through competitive examination. Tenure will be granted to occupants of permanent service positions after one year. There are provisions for temporary appointments, which will not confer permanent status, in emergency circumstances. 2) *Expected Service*— the system's non-permanent service consists of positions filled by statute, confidential or policy-advocacy positions, or special positions filled on a limited or transitional basis. Appointments are noncompetitive, but (except for statutory positions) appointees must meet pre-established minimum qualifications for the position. Excepted service appointments do not confer permanent status. 3) *Educational Service*—includes employees who perform professional or technical work for the D.C. Board of Education and Board of Trustees of the University of the District of Columbia. Tenure in such Board of Education positions is acquired after a one year probationary period. Tenure in the university system will be determined under rules and regulations of the University's Board of Trustees. 4) *Executive Service*—covers executive branch department, agency, and office heads under the direct administrative control of the Mayor. Some appointments are subject to confirmation by the District Council.
- All employees on the rolls as of January 1, 1980, were transferred to one of the new services with guaranteed rights and benefits at least equal to those in their previous positions. Those who have already served a probationary period will not be required to serve a new one.
- All D.C. Government employees must be residents of the District of Columbia or become residents within 180 days after employment. This rule does not apply to employees on the rolls as of January 1, 1980, unless they separate from the District Government and later seek reemployment.
- All personnel management functions for the District Government, except for specified independent agencies like the Board of Education and The University System, will be centralized under the Director of Personnel, who reports directly to the Mayor. Personnel specialists who formerly served in agency offices were transferred to the Office of Personnel.
- All classification and pay system ties to the Federal structure are ended. The District Government will develop a classification system for all its positions. All aspects of pay, including step increases, overtime and holiday pay, shift differentials, and severance pay, will be subject to negotiation for those employees in a bargaining unit for which a labor organization has been granted exclusive recognition. Compensation for members of the Educational Service will be set by the appropriate Board. Other employees' compensation will be set by the Mayor. In all instances, compensation levels must be approved by the District Council.
- As mentioned above, the existing relationship with Federal health and life insurance and retirement systems will be retained. Benefits are negotiable items for collective bargaining, although any negotiated changes must be authorized by legislative action to become effective.
- All employees will be evaluated annually under a five-level performance rating plan. Performance ratings may be appealed. For units under bargaining units, performance appraisal systems must be negotiated before implementation. Such negotiated agreements will take precedence over the provisions of the law for covered employees.
- An incentive award program will be established. Employees may receive cash awards of up to $5,000 for superior or outstanding work performance and up to $25,000 for suggestions resulting in tangible monetary savings.
- Veterans preference is limited to five years from the date of separation from active military service and is eliminated for persons who entered the military service after October 14, 1976, except for those with 30 percent or greater service-connected disability or those who served in the armed services during time of war. The Mayor may grant veterans preference for appointment purposes to applicants who are able to demonstrate that they received a less than honorable discharge as a result of discrimination.
- The District Government may enter into agreements for the temporary interchange of personnel with other governments (Federal, State, local) or institutions of higher learning. These interchanges are with the approval of the personnel involved, are limited to two years, and cannot result in a loss to the employee of pay, leave, or other benefits while on assignment.

State and Local Notes are written by William A. Chadwick, Office of Intergovernmental Personnel Programs, OPM.

After/Words

LETTERS

In the wake of recent widespread criticism of the Federal bureaucracy it may be appropriate to republish Federal employment figures showing year by year population growth, growth in the Federal budget and the sheer number of Federal programs administered, for release to the press services.
These comparisons may show unheralded increases in workload and efficiency which would be an appropriate context for many of the anecdotal bureaucratic horror stories promulgated through the public media.
No amount of reform will help if pride in civil service is destroyed and earned public pate on the back are not given. Public service would then become a refuge for those with tails between their legs rather than a place to do great things for others.

Joseph Millard Brown
Cheyenne, WY

Since man is highly complex, the control and management of two or three of such complex beings becomes an Herculean task. Herein lies the enigmatic nature of personnel management. And I believe that so long as man lives on this globe so long will the science and art of personnel management continue to be refined. . . . .
Your regular articles and publications are invaluable materials, and I sincerely hope you would continue to keep me on your mailing list.

Ayodele Ikotun
Lagos, Nigeria

Social-engineers like Alice G. Sargent (The Best of Both Sexes, Jan 80) get carried away with their dream world. Her proposal for managers is: ". . . Men and women need to develop behaviors traditionally assigned to the opposite sex." This puts her in the high and mighty position of wanting to change human beings not just society. Her pointers to men include ". . . touch and be close to both men and women, minimizing any inhibition over the presence or absence of sexuality in such contact."
If I, as a male unsocial engineering manager, started following this kind of advice I could be accused of sexual harrassment by the female employees and I might even be accused of lewd conduct by the male employees!
I consider articles like this inappropriate for a U.S. Civil Service magazine. You don't know who might take it seriously. Maybe President Carter has inadvertently opened up a healthy debate of the roles of men and women by requesting draft registration of both sexes.

Marvin O. Miller
Port Hueneme, CA

SURVEY CARD COMMENTS

Due to the vagaries of the distribution system, we are still receiving comments on our inaugeral issue.

Foreword was excellent. Each edition should continue to have a "specific" subject matter statement.
Philadelphia, PA

Cover was lousy. No Dali, please.
No postmark

Articles well presented. Great art work!
No postmark

Cancel it and save money.
Huntsville, AL

Keep it rolling.
New York, NY

Excellent opportunity to receive and exchange very useful information. Saves time and increases efficiency.
No postmark.

I am not a government worker. The book also applies to corporate management. I concur with what this book is publishing.
El Toro, CA

Where has this been all these years?
EPA Region IV

September 1979 issue received February 1980!
Washington, D.C. (II Ed.)

First Person, Singular (Pop Psych Training is No Panacea) was a good antedote to excesses of O.D. and O.E., and I say this as one with a PhD in Org. Dev.
Fairlax, VA

Articles such as Rickover on management surface as the most informative with a lasting self appraisal affect on managers. Let's see more in future issues.
APO NY

How about some items that deal with government employees unions and the Government?
Washington, DC

Sooner or later mid-level managers and supervisors must be informed as to their rights and obligations. SES has been flaunted and extolled. I daresay the people at mid-level have been ignored. The silence may gauge the future of reform.
No postmark.

Why not an SES membership for State and local personnelists. I have subscribed for this publication. With 30 years as a personnel director, this management copy held my interest from cover to cover. Thank you.
Gene R. Gardiner,
Personnel Director,
Worcester, MA